

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-10 NSAE-00 USIA-06 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 ABF-01 H-01 L-03 HA-05

IO-13 /091 W

-----106378 150506Z /17

R 141759Z MAR 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4130

TREASURY DEPT WASHDC

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L LONDON 04093

E.O. 11652: XGDS-1

TAGS: EAID, EFIN

SUBJECT: PROPOSED INCREASE IN IMF/IBRD STAFF SALARIES

REF: LONDON 3272; STATE 43945

1. KEN COUZENS, SECOND PERMANENT SECRETARY, HMTREASURY, HAS WRITTEN LETTER TO TREASURY REPRESENTATIVE DATED 9 MARCH, AS FOLLOWS:

QUOTE AS YOU KNOW, WE START FROM A POSITION OF FULLY UNDERSTANDING YOUR DIFFICULTIES WITH CONGRESS, VIS-A-VIS THE IBRD AND IMF, IN WHICH STAFF SALARIES ARE ONE ELEMENT; AND, AS I HOPE WE HAVE ALREADY SHOWN, WE ARE ANXIOUS TO DO WHAT WE CAN TO HELP. FOR THIS REASON, WE HAVE BEEN GLAD TO WORK WITH OUR U.S. COLLEAGUES TO PROMOTE AND TO FUND THE STUDY OF STAFF PAY BY OUTSIDE CONSULTANTS, AS PART OF THE WORK OF THE JOINT COMMITTEE OF EXECUTIVE DIRECTORS. WE TRUST THAT THE OUTCOME WILL BE TO REMOVE THIS SOURCE OF DIFFICULTY WITH CONGRESS.

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QUOTE BUT THERE ARE OTHER RELEVANT CONSIDERATIONS TOO. ONE IS STAFF MANAGEMENT AND MORALE WITHIN THE IBRD AND IMF. ANOTHER IS THAT WE OUGHT BOTH TO HANDLE THE RESULTS OF THE JOINT COMMITTEE'S STUDY OBJECTIVELY AND TO LOOK AS IF WE INTEND TO DO SO. WE THEREFORE HAVE TO BE CAREFUL NOT TO CREATE JUSTIFIED RESENTMENTS BY PROCEEDING NOW AS IF THE RESULTS OF THE STUDY ARE A FOREGONE CONCLU-

SION.

QUOTE SINCE OUR DISCUSSION TOOK PLACE WE HAVE SEEN THE IMF MANAGING DIRECTOR'S PAPER EBAP/78/57, WHICH PROPOSES AN INCREASE IN BANK/FUND STAFF SALARIES BY THE FULL AMOUNT OF THE RISE IN THE COST OF LIVING IN THE WASHINGTON DC AREA, FROM 1 MARCH. WE HAVE NOT YET MADE OUR MINDS UP IN DETAIL ON OUR ATTITUDE TO THIS PROPOSAL. BUT I THINK WE ARE LIKELY TO CONCLUDE THAT WE SHOULD NEITHER SUPPORT AN INCREASE BY THE FULL AMOUNT OF THE RISE IN THE COST OF LIVING, NOR WHOLLY REJECT THE PROPOSAL. EITHER OF THESE COURSES, WE THINK, WOULD BE CONSTRUED AS PREJUDICIAL TO THE OUTCOME OF THE JOINT COMMITTEE'S DELIBERATIONS, AND WE ARE ANXIOUS NOT TO PUT AT RISK THE USEFUL WORK WHICH HAS BEEN DONE UNDER THIS COMMITTEE'S SUPERVISION. A SMALL INTERIM COST OF LIVING INCREASE SHOULD AVOID THIS RISK; AND WOULD, WE THINK, BE A FAIR ARRANGEMENT IN PRESENT CIRCUMSTANCES. UNQUOTE.

BREWSTER

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